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Re: Business Opportunity Rule, R511993

I have been an independent business owner (IBO) as part of the Amway and Quixtar business opportunity since September 1994, beginning with a business in Germany and continuing in the United States. The mentoring process provided by the upline training organization throughout this time has been exemplary and has been instrumental in allowing me to secure professional as well as financial success (I am a professor of biology, a part-time loan officer, and I invest in real estate). I joined the organization prepared to learn and work, and it has paid off.

As IBOs, my wife and I have sponsored nearly 100 prospects, and all were allowed to make informed decisions about joining the business. Sometimes, this process was completed in only a couple of days, but usually it was a process that involved literature, meeting other IBOs, looking at products, and generally settling into a business mindset. We always impress and prove to our prospects that our business model requires considerable effort and commitment, but that there are great benefits. We also feel very secure in promoting the opportunity since the initial cost of registration (fees plus optional products) is fully refundable should the prospects change their minds.

I believe that the rule now proposed by the FTC goes overboard in trying to protect the prospect. For example, a 7-day waiting period slows the momentum of someone truly excited about a new business. We have had new IBOs registering several others within days of being registered themselves, creating great momentum in their budding business and ensuring first month profits. Having to wait 7 days before a new IBO can be registered in effect imposes a serious limit on business growth (namely 52 prospects per year in each business leg) in a manner inconsistent with a free market economy. Considering that a prospect in our business has at least 30 days to resign their IBOship, this is already better than the proposed rule by 23days.

Additional requirements for information in the proposed rule (e.g., references, list of litigation, substantiation of financial claims) also go well beyond what is required of other business models and would put us at a serious disadvantage when working to build a business. Imagine a car dealership having to show a buyer a list of other satisfied customers, a list of litigation that the dealership or the manufacturer of the car is involved in, as well as substantiation that the deal offered really IS the best one. Imagine a bank having to provide names of ten satisfied clients to each prospective new account, along with any litigation involving the bank or its shareholders and proof that their interest rates really are the best in town. Imagine a publicly traded company having to show a list of all shareholders, the litigation they are involved in, and having to guarantee that the stock will perform! In my mind, these requirements are clearly unrealistic. The burden of due diligence when buying a car, opening an account, or buying stocks is on the prospective client. Otherwise the freedoms we experience in our economy would become seriously curtailed and produce a serious slowdown of business everywhere. I believe furthermore that the proposed rule could jeopardize other types of business where uninformed consumers seek better protection from making mistakes.

I believe that the direct sales and networking industry should be regulated, and as in the past, the Amway/Quixtar model serves as an excellent example how to regulate and provide checks and balances without over-regulating. I hope that the FTC is able to use the collective input from business owners to make the appropriate adjustments to the proposed rule.

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